

Relevant Individuals

2. PATTERSON, defendant herein, was a resident of Dinwiddie, Virginia who began purchasing moonshine from Buck Nance in and around 2018. Buck Nance replaced PATTERSON's previous source of untaxed liquor.
3. Buck Nance, a coconspirator charged elsewhere, conspired and agreed with a person whose identity was not known to PATTERSON (hereinafter the "Still Operator") to build and operate an illegal still at a certain farm in Wilkes County, North Carolina (hereinafter the "Wilkes County barn") to produce moonshine.
4. Buck Nance purchased the moonshine distilled in the Wilkes County barn and delivered it to PATTERSON in and near Stony Creek, Virginia without the payment of taxes due to the United States, the State of North Carolina, and the Commonwealth of Virginia.
5. Nicholson drove white vans provided by Buck Nance to pick up moonshine in plastic jugs from the still in the Wilkes County barn, which moonshine Nicholson transported in interstate commerce to a certain shed in and near Stony Creek, Virginia (hereinafter "the Virginia stash house").
6. PATTERSON paid and caused Buck Nance and Nicholson to be paid approximately \$20 in cash for each gallon of moonshine they delivered to Virginia.
7. Person #1, a resident of Wilkes County, made approximately three deliveries of moonshine in 2019 from Wilkes County to the Virginia stash house.

The Moonshine Industry:

8. "Moonshine" is illegal liquor on which federal and state excise taxes have not been paid. Other words commonly used to describe untaxed liquor include "shine," "corn," "corn liquor," and "bootleg."
9. Moonshine is manufactured in stills, which consist of one or more pots. Still pots are typically made from galvanized metal or aluminum and have wooden sides.
10. Once the moonshine is in its final form, it is usually transferred to containers for sale. One-gallon plastic jugs are commonly used in the moonshine business. The plastic jugs used for moonshine appear similar to ordinary milk jugs but are made with heavier plastic and are known as industrial gallons. The heavier plastic is necessary so that the jugs, when full of moonshine, can be stacked into trucks and transported without breaking.
11. The jugs containing the moonshine are transported to wholesalers and then to retailers for sale to the public in what are commonly known as "shot houses" or "nip joints."

Moonshine is typically sold in case lots to the wholesaler. A case lot consists of six gallons of moonshine.

Laws Governing the Manufacture of Alcohol:

12. The term “distilled spirits” is defined as the substance known as ethyl alcohol, ethanol, or spirits of wine in any form, and a “distiller” is defined as any person who produces distilled spirits from any source or substance (26 U.S.C. § 5002(a)). The term “untaxed liquor” as used in this Bill of Information has the same meaning as the term untaxed “distilled spirits” and “moonshine.”
13. Any person can engage in the business of distilling spirits by obtaining a basic permit from the Alcohol & Tobacco Tax & Trade Bureau (the “TTB”) (27 U.S.C. § 203(b)) and complying with all requirements such as registration (26 U.S.C. § 5179), providing bond (26 U.S.C. § 5173), if necessary, paying the requisite taxes (26 U.S.C. § 5001(a)), and other requirements.
14. Generally, the tax attaches to distilled spirits as soon as the distilled spirits are made (26 U.S.C. § 5001(b)). The distiller is responsible for paying the tax (26 U.S.C. § 5005(a)), which is payable to the TTB (26 U.S.C. § 5061). The tax owed must be paid at the time the distilled spirits are removed from the bonded premises (26 U.S.C. § 5007). There was, however, a reduced tax rate in effect for calendar years 2018, 2019 and 2020 which became permanent for qualified producers in 2021.
15. The State of North Carolina imposes a tax on distilled liquor.
16. The Commonwealth of Virginia imposes a sales tax on distilled liquor.

The Conspiratorial Agreement

17. Beginning no later than April 19, 2018 and continuing until on or about September 23, 2020, PATTERSON knowingly agreed with Buck Nance, Nicholson, Person #1, and others known and unknown to the Acting United States Attorney, to:
 - (a) defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful Government functions of the TTB in its regulation of the lawful production and distribution of distilled spirits a/k/a moonshine and the ascertainment, computation, assessment, and collection of the revenue: to wit, excise taxes on distilled spirits;
 - (b) cause other persons to travel in interstate commerce and to knowingly use and cause others to use a facility in interstate commerce, specifically the telephone, all of which acts were done with the intent to promote, manage, establish, carry on, and to facilitate the promotion, management, establishment and carrying on of an

unlawful activity, the unlawful activity being a business enterprise involving liquor on which the Federal excise tax has not been paid in violation of Title 26, United States Code, Section 5001, 5006, and 5601(a)), all in violation of Title 18, United States Code, Section § 1952(a)(3); and

- (c) knowingly receive untaxed liquor, in violation of Title 26, United States Code, Sections 5601(a)(11).

OBJECT OF THE CONSPIRACY

- 18. The object of the conspiracy was to produce moonshine in Wilkes County, North Carolina, transport such moonshine in interstate commerce to Virginia, and receive, sell, and distribute such moonshine to PATTERSON in Virginia.

MEANS AND METHODS OF THE CONSPIRACY

- 19. The means and methods used to carry out the goals of the conspiracy include, but are not limited to, the following:
 - a. The Still Operator would construct a still for the production of moonshine and the operation of a moonshine business. The Still Operator did not obtain a permit to distill spirits at the Wilkes County barn.
 - b. The Still Operator would distill hundreds of gallons of moonshine, which he would place in plastic jugs provided by Buck Nance. The jugs of moonshine produced by the Still Operator and Buck Nance were not labeled in any way as required by TTB and did not include excise tax stamps as required by the State of North Carolina.
 - c. Buck Nance would sell the moonshine produced at the Wilkes County barn to PATTERSON in Virginia, making deliveries to Virginia once or twice a week.
 - d. PATTERSON arranged for the delivery of moonshine to the Virginia stash house in and near Stony Creek, Virginia.
 - e. Buck Nance, Nicholson, and Person #1 would drive the moonshine to the Virginia stash house.
 - f. In Virginia, PATTERSON would pay and cause others to pay Buck Nance, Nicholson, and Person #1 approximately \$20 per gallon in U.S. currency for the moonshine he delivered, knowing that required federal and state taxes had not been paid and would not be paid.

- g. PATTERSON would in turn sell and cause others to sell the illegal moonshine distilled in North Carolina to customers in Virginia for \$26 to \$50 per gallon without paying required taxes.

OVERT ACTS

20. In furtherance of the conspiracy and to affect the objects thereof, at least one of the following overt acts was committed by PATTERSON and his co-conspirators in the Western District of North Carolina and elsewhere:
- a. Beginning no later than April 19, 2018 and continuing until on or about September 23, 2020, the Still Operator made hundreds of gallons of moonshine in the Wilkes County barn.
- b. On or about each of the dates listed below, PATTERSON purchased at least 20 cases of moonshine distilled by Anderson in the Wilkes County barn and delivered by Buck Nance, Nicholson, or Person #1 to the Virginia stash house. Each case contains six gallons of untaxed moonshine, which equates to 120 gallons per delivery. Each delivery was preceded by a telephone call to PATTERSON from Buck Nance, Nicholson, or Person #1 at the telephone numbers listed below:

	DATE	DRIVER	TELEPHONE NO.
i.	10/15/2019	Buck Nance	(336) XXX-X548
ii.	10/23/2019	Buck Nance	(336) XXX-X548
iii.	10/28/2019	Buck Nance	(336) XXX-X548
iv.	11/2/2019	Person #1	(336) XXX-X859
v.	11/7/2019	Person #1	(336) XXX-X859
vi.	11/12/2019	Person #1	(336) XXX-X859
vii.	3/1/2020	Buck Nance	(336) XXX-X548
viii.	3/8/2020	Buck Nance	(336) XXX-X548
ix.	3/20/2020	Nicholson	(336) XXX-X673
x.	3/27/2020	Nicholson	(336) XXX-X673
xi.	4/9/2020	Buck Nance	(336) XXX-X548
xii.	4/17/2020	Nicholson	(336) XXX-X673

	DATE	DRIVER	TELEPHONE NO.
xiii.	4/28/2020	Buck Nance	(336) XXX-X548
xiv.	5/5/2020	Buck Nance	(336) XXX-X548
xv.	5/21/2020	Nicholson	(336) XXX-X673
xvi.	5/28/2020	Nicholson	(336) XXX-X673
xvii.	6/3/2020	Buck Nance	(336) XXX-X548
xviii.	6/6/2020	Nicholson	(336) XXX-X673
xix.	6/9/2020	Buck Nance	(336) XXX-X548
xx.	6/16/2020	Nicholson	(336) XXX-X673
xxi.	6/20/2020	Buck Nance	(336) XXX-X548
xxii.	6/29/2020	Nicholson	(336) XXX-X673
xxiii.	7/7/2020	Buck Nance	(336) XXX-X548
xxiv.	7/14/2020	Buck Nance	(336) XXX-X548
xxv.	7/22/2020	Nicholson	(336) XXX-X673
xxvi.	8/5/2020	Buck Nance	(336) XXX-X548
xxvii.	8/16/2020	Nicholson	(336) XXX-X673
xxviii.	8/25/2020	Nicholson	(336) XXX-X673
xxix.	9/2/2020	Buck Nance	(336) XXX-X548
xxx.	9/8/2020	Buck Nance	(336) XXX-X548
xxxi.	9/17/2020	Buck Nance	(336) XXX-X548
xxxii.	9/19/2020	Nicholson	(336) XXX-X673

WILLIAM R. STETZER
ACTING UNITED STATES ATTORNEY



9/10/2021

Michael E. Savage
Assistant United States Attorney

Defendant's Counsel's Signature and Acknowledgment

I have read this Factual Basis, the Bill of Information, and the plea agreement in this case, and have discussed them with the defendant. Based on those discussions, I am satisfied that the defendant understands the Factual Basis, the Bill of Information, and the plea agreement. I hereby certify that the defendant does not dispute this Factual Basis.

David A. Brown, Sr.
David Brown, Sr., Attorney for Defendant

DATED: 9/10/2021